



9/3  
● Office Closed for    Labor Day

9/17  
● Payroll tax deposit due if liability is over \$2500  
● Filing Deadline for extended Corp & Partnership returns

9/20  
● Sales tax reports due

10/1  
● Deadline for starting a new Simple Plan for 2012

### Office Hours:

8 am to 5 pm  
Monday - Thursday

Closed on Fridays

## Important Dates!

### Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
Sep 1-4	Sep 7
Sep 5-7	Sep 12
Sep 8-11	Sep 14
Sep 12-14	Sep 19
Sep 15-18	Sep 21
Sep 19-21	Sep 26
Sep 22-25	Sep 28
Sep 26-28	Oct 3
Sep 29-30	Oct 5



## WHERE ARE TAXES HEADED?



As the presidential election draws closer, tax reform is definitely on the table. Both presumptive candidates, President Obama and Mitt Romney, have offered different tax proposals.

**Strategy:** Compare the two sides on tax issues. This could help determine your choice when you cast your ballot on Nov. 6. A lot can change between now and Election Day, but here's a capsule summary of the latest points of view:

**Individual Income Taxes:** Tax rates are scheduled to be automatically adjusted upward in 2013 with the two top brackets moving to 36% and 39.6%, up from the current top two rates of 33% and 35%.

**Obama:** Make the "Bush tax cuts" permanent for all taxpayers except single filers with income above \$200,000; \$250,000 for joint filers. Specifically, Obama would preserve the current Bush tax rates for the lowest three existing brackets (10%, 15% and 25%) but raise the top two rates to 36% and 39.6%.

**Romney:** Reduce the current rates by 20% each. Thus, the bottom rate would be only 8%; the top rate would fall to 28%.

**Capital Gains and Dividends:** This is another part of the Bush tax cuts. Net long-term capital gains and qualified dividends are taxed at a maximum 15% rate in 2012 (0% for lower-income investors). The maximum tax rate for long-term gain will automatically increase to 20% in 2013 (10% and 15% for lower-income investors), while dividends will be taxed at ordinary income rates of up to 39.6%.

**Obama:** Increase the maximum long-term capital gain rate to 20% and tax dividends at ordinary income rates for single filers with income above \$200,000; \$250,000 for joint filers.

**Romney:** Extend the current capital gain and dividend rates, but exempt from tax all capital gains, dividends and interest for single filers with adjusted gross income (AGI) up to \$100,000; \$200,000 of AGI for joint filers.

**Alternative Minimum Tax:** Unless Congress patches the alternative minimum tax (AMT) again, this "stealth tax" will affect millions of additional middle-class taxpayers in 2012. The tax impact will be even greater in the future.

**Obama:** Make annual AMT inflation adjustments permanent instead of relying on Congress to pass legislation to do this year after year.

**Romney:** Repeal the AMT.

**Tax Breaks:** To help reduce the deficit and off-set lower income tax rates, many current tax loop-holes would have to be closed or tightened.

**Obama:** Limit the amount of itemized deductions and other tax breaks to taxpayers with an AGI above \$200,000. Currently, most high-income earners claim itemized deductions without any phase-out rules, which results in reducing taxes by 33% or 35% of the itemized write-offs. Obama would reduce the tax-saving benefit to 28% of affected itemized deductions. He has also proposed a permanent extension of some expanded tax breaks for the middle class, like the tax credits for higher education.

**Romney:** Has not yet specified which tax breaks could be eliminated or reduced to help pay for proposed tax cuts, but he has indicated certain tax benefits could be limited for high-income earners.

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**Estate and gift taxes:** Among other expiring provisions, an estate may benefit from an inflation-indexed estate tax exemption of \$5.12 million and a top estate tax rate of 35% in 2012. The exemption is scheduled to drop to \$1 million in 2013, while the top rate will rise to 55%.

**Obama:** Restore the estate tax exemption to \$3.5 million and a top 45% estate tax rate (i.e., use 2009 levels).

**Romney:** Repeal the estate tax completely, but preserve the gift tax with a top rate of 35%.

**Corporate Income Tax Rates:** For 2012, the top income tax rate for corporations is 35%. According to estimates in a Congressional study, eliminating all corporate tax breaks would, without any loss of tax revenue, effectively reduce the top rate by 5.6% to 29.4%.

**Obama:** Reduce the top rate to 28% and pay for it by eliminating corporate tax breaks.

**Romney:** Reduce the top rate to 25% and pay for it by reducing corporate tax breaks.

**Tip:** Taxes are one of the hot political topics of 2012. Expect more to come.

*Small Business Tax Strategies — September 2012*

## Let the Enforcement be with You

Now that the individual mandate for health insurance has been upheld constitutionally, the question remains: How will it be enforced? The IRS has the ability to offset tax refunds to collect the penalty, but it can't file a lien against the taxpayer's assets if he or she doesn't voluntarily pay up. Furthermore, there's no provision in the health care law for charging interest to delinquents. The mandate first takes effect in 2014 and will result in a penalty of the greater of \$95 or 1% of income above the minimum amount required to file a tax return (but no more than \$285). Don't be surprised if Congress puts some more teeth into the law to assist IRS collections.

*Small Business Tax Strategies — September 2012*



**We have updated our webpage!**

[www.smallbg.com](http://www.smallbg.com)

In addition to adding a link to the SBG Portal, we have made a lot of other changes. You can now find our monthly newsletters on our webpage, as well as view a list of the services we offer. On our Staff page, we have included links to email our staff individually. For new clients, we have also provided more detailed directions to our office. We are adding sites to our Links page so, if you would like your website listed, send us an [email](mailto:) with your webpage address and we will be happy to add you!

We will be using our webpage to let you know important information and news. So come browse our page to see what's going on at SBG!

**NEW**

## New Law Requires E-Filing for Sales & Use Tax to Receive a Collection Allowance

As we have been telling you in our last few newsletters, starting with returns and payments due in July 2012, only taxpayers who electronically file and pay sales and use tax can deduct a collection allowance.

This change in law will affect returns and payments due beginning in July 2012 for:

- **Monthly** filers' June 2012 tax returns & payments;
- **Quarterly** filers' April-June 2012 returns & payments;
- **Semi-annual** filers' January-June 2012 returns & payments;
- **Annual** filers' January-December 2012 returns & payments.

What if you don't want to use electronic filing for the Sales & Use Tax returns/payments? You can still use the Sales Tax coupons (replacement coupon books were recently sent out), however, you will **not** be able to take the collection allowance. If you want to save \$30 by continuing to receive the collection allowance, then you will need to enroll for e-Services.

If you would like assistance in completing the online filing application, contact SBG at 731-2221.

**Important DATE!**

**FILING DEADLINE FOR PERSONAL TAX RETURNS ON EXTENSION IS OCTOBER 15th!**

Just a reminder that the deadline to get your information into SBG for your **2011 personal taxes** is rapidly approaching. If we do not have your information by **SEPTEMBER 17th**, we cannot guarantee that we can process your return in time to get it submitted to the IRS by the October 15th deadline. Therefore, **if you have not already done so, please contact Kewanna or Charia at 731-2221 to schedule your tax interview appointment or you can simply drop off your tax documents.** Don't put it off ...do it today!

## Easy Access to the SBG Portal 24/7!



You can now access your SBG Portal from [www.smallbg.com](http://www.smallbg.com). Simply click on [SBG Portal](#)

Enter your login and password for access to your SBG Portal. For your convenience, we have included instructions on how to use the SBG Portal.

If you need assistance using the SBG Portal, contact Kewanna at 731-2221 or [kgroman@smallbg.com](mailto:kgroman@smallbg.com).

## GROW our Business

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